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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000847

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SUBJECT: AFTER SUCCESSFUL G8, BERLUSCONI BREATHES SIGH OF
RELIEF

REF: A. REF A: ROME 761

[1](#)B. REF B: ROME 677

Classified By: CDA Elizabeth Dibble for reasons 1.4 (b) and (d).

Summary

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[1](#)1. (C//NF) After months of charges of sex and financial scandals, Prime Minister Berlusconi emerged from the G8 summit in L'Aquila strengthened. No further serious allegations or charges from the judiciary emerged; the event went off without a significant logistical hitch; and to his domestic audience, Berlusconi was able to define himself as a world leader who counts. The worst has now passed for Berlusconi. He now will have to repair his somewhat battered image, and reestablish confidence among the center right. While his government is somewhat weaker than it was six months ago, there is no serious threat to his administration from within the center right or from the deeply balkanized center left. For better or worse, Berlusconi will be Italy's leader for the foreseeable future. End Summary.

Berlusconi: "'Very Happy"' with the G8

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[1](#)2. (C//NF) In the days before the G8, Berlusconi loyalists told us they feared dramatic new charges against the Prime Minister, while former center left Prime Minister Massimo D'Alema promised there would be new damaging revelations. (Ref: A) However, all remained calm and Italian domestic politics were calm as the G8 took place, perhaps because President Napolitano called for exactly this in the interests of the nation. After the G8, even center-left commentators and contacts had to grudgingly accept that it was a success for Berlusconi. Berlusconi insiders in the Prime Minister's People of Liberty party told us that Berlusconi was "'very happy"' with the G8, and while he finds the repeated allegations about his personal life annoying, he does not regard them as a serious political threat.

[1](#)3. (C//NF) Some additional drips and drabs of alleged scandals have emerged against Berlusconi, including an audiotape of a prostitute who claims to have had a relationship with Berlusconi and a male voice alleged to be that of the Prime Minister. However, this further evidence is unlikely to do much further damage to Berlusconi, barring a dramatic new revelation. In fact, for many Italians, Berlusconi has successfully painted himself as a victim of the maneuvers of the left. He recently acknowledged "'I am no saint"' in relationships with women, adding that he was like any other man. Political polling in Italy is notoriously unreliable, and the gulf between what Berlusconi claims as his approval rating (68 percent) and what the leading critic among the press--La Repubblica newspaper--claims (49 percent) is quite wide. The fact that even Berlusconi's harshest critic acknowledges that half of the country still supports the Prime Minister indicates that the damage to Berlusconi's

image at home has been much more limited than to his image abroad.

Government Stable, but a Reinvigorated Image Still Needed

14. (C//NF) Berlusconi faces no serious challenger from within his center-right coalition or from the main opposition Democratic Party (PD), which has just begun a tortuous, months-long debate over who will be its next leader. Former PD leader Walter Veltroni told us that the PD needs to find a way to be competitive in four or five years, acknowledging that for the foreseeable future it did not present a serious alternative to Berlusconi. While for the medium term Berlusconi is the unquestionable leader of the center right, some of the shine has come off in part because of these alleged scandals. (Ref B) Center-right journalist Giancarlo Loquenzi told us that Berlusconi's longstanding aim of becoming President of the Republic is now out of reach, and Berlusconi must repair his image to maintain public trust. Loquenzi suggested that remarrying and leading a quieter private life would be the best avenue. A top PDL parliamentary aide told us that no one is challenging Berlusconi within PDL, but PDL politicians also understand that because of Berlusconi, Italy has a declining reputation abroad, and particularly in the European Union, where Italy struggles to obtain top posts.

15. (C//NF) Berlusconi's strength as a politician has been in knowing how to respond to the electorate, and demonstrating quick and effective action on discreet problems such as the Naples trash crisis and the Abruzzo earthquake. His weakness has been in determining a long-term political strategy or tackling the country's most serious problems. Given this background, Berlusconi is likely to grab headlines at some point this autumn in attempt to reinspire his electorate. Contacts tell us that the most likely scenario would be a cabinet shakeup to bring in some new faces. Some of the changes being discussed are at the Foreign Ministry and the Ministry of Finance. Other possibilities include changes among the leaders in PDL.

Comment

16. (C//NF) Berlusconi's government remains strong, with no serious internal or external challenger. Berlusconi survived the months of accusations of scandals without the Italian public concluding that there was irrefutable evidence of wrongdoing. As one of his senior advisers told us, Berlusconi may be "prone to gaffes and be a bit of a clown"; but he continues to have his finger on the pulse of the Italian electorate. He added that he and his inner circle also take comfort in the fact that he still faces no real opposition.

17. (C//NF) The international press painted a caricature of Berlusconi that few political analysts in Italy recognized. Still, Berlusconi is somewhat weakened from the peak of his popularity in the fall of 2008, and part of this weakening is attributable to the weariness of some Italians--including center-right voters--of seeing images of Berlusconi or others at his residences frolicking with very young women.

End Comment.

DIBBLE

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